



State of Louisiana
Department of Health and Hospitals
Office of the Secretary

December 23, 2008

Kerry Weems, Administrator
Centers for Medicare and Medicaid Services
U.S. Department of Health and Human Services
7500 Security Boulevard
Baltimore, MD 21244

Dear Mr. Weems:

On behalf of Governor Bobby Jindal—and with the explicit approval of the Louisiana Legislature—I am pleased to submit our request for an 1115 Demonstration Waiver titled Louisiana Health First. Louisiana Health First is the product of several years of stakeholder collaboration, and is an important step in creating an evidenced-based, primary care-focused, accountable health care system in Louisiana.

The key components of our proposed reforms to the Louisiana Medicaid program are:

- expanding insurance coverage statewide for tens of thousands of uninsured Louisianans by increasing eligibility levels for parents and care taker relatives of children in the Medicaid program,
- creating a coordinated health delivery system for low-income people served by Medicaid,
- significantly expanding coverage to lower-income adults in one highly uninsured region of the state using savings obtained from better coordinating the delivery system, investing heavily in health information technology in this region, restructuring the public hospital in this region to better integrate the services with community-based providers, permitting the limited use of DSH in the region to create more primary care access through medical homes, and
- investing in community-based primary care medical homes through the limited use of DSH to sustain the clinics so heavily invested in by the federal government.

While many of these changes are commonplace elsewhere in the United States, they bring Louisiana closer to the mainstream of best practice while offering several unique features that may be used as models for other states. These include:

- requiring investment in a measurable transition of providers in our system towards a consensus definition of medical homes based on NCQA guidelines;

- use of enrollee incentives and community-based choice counseling, patient literacy and patient navigation programs to engage health care consumers in their own health care;
- use of risk-adjusted premiums and required disease management for chronically ill individuals;
- requiring encounter level reporting by all providers and health plans to allow for quality assurance and detailed outcomes and cost effectiveness analysis; and
- requiring shared-savings or network ownership with providers to align financial incentives.

You are well aware of the significant challenges faced by Louisiana—our consistently poor health outcomes and high-levels of extreme poverty, rebuilding from four major hurricanes over three years, and our long-standing health care system inefficiencies. We are especially interested in resolving the question of the imminent collection of Louisiana’s alleged \$771 million in disallowances, which would make expansion very difficult for the foreseeable future, and particularly in a year when our federal financial participation will potentially decrease by four percentage points at the same time the state is facing a revenue deficit in both the current and next fiscal years. We believe a reasonable settlement of the disallowance issue will properly respect the great challenge we face going forward while also acknowledging the major steps our state is willing to take to transform our health delivery system to a high performing model.

Our genuine hope is that we reach settlement on the disallowances that allows our state to expand access to health insurance for the poor—a priority I know is shared by President-Elect Obama and Secretary-Designate Daschle, as well as you and Secretary Leavitt—and make major investments in health technology and primary care. In addition, we are hopeful we can reach agreement on freezing any interest accrual, if not actually agreeing to invest the already-accrued interest into our health care transformation.

Thank you for consideration of this request. You may reach me at 225/342-9503.

Sincerely,



Alan Levine

cc: The Honorable Bobby Jindal, Governor of the State of Louisiana
 The Honorable Joel Chaisson, State of Louisiana Senate President
 The Honorable Jim Tucker, State of Louisiana Speaker of the House of Representatives
 The Honorable Willie L. Mount, Chairman, Louisiana Senate Health and Welfare Committee
 The Honorable Kay Katz, Chairman, Louisiana House Health and Welfare Committee
 The Honorable Michael J. “Mike” Michot, Chairman, Louisiana Senate Finance Committee
 The Honorable James R. Fannin, Chairman, Louisiana House Appropriations Committee